

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

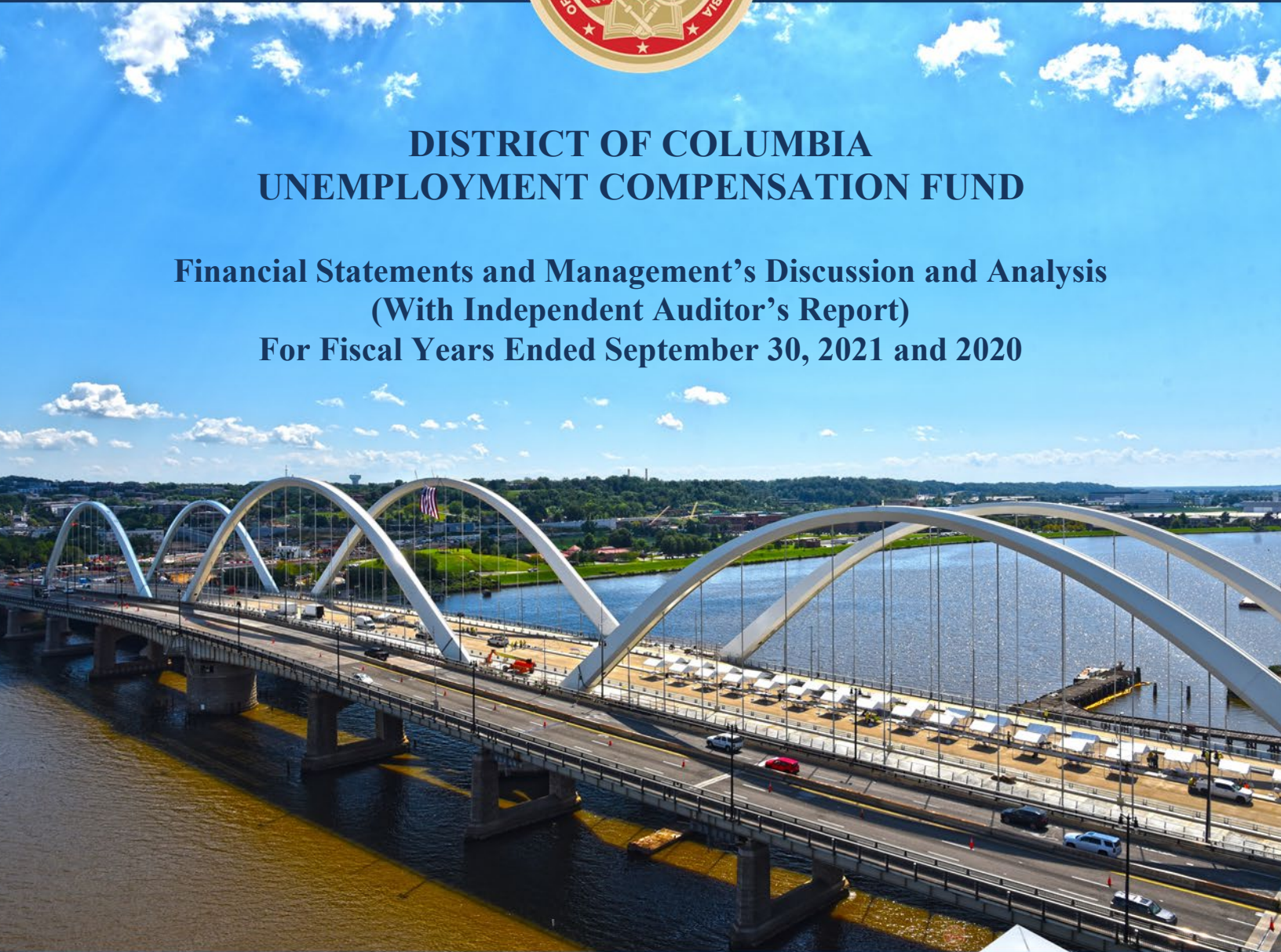
OIG Project No. 22-1-12BH

January 2022



DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION FUND

Financial Statements and Management's Discussion and Analysis
(With Independent Auditor's Report)
For Fiscal Years Ended September 30, 2021 and 2020



Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
* Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration
* Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world-class Office of the Inspector General that is customer-focused and sets the standard for oversight excellence!

Core Values

Excellence * Integrity * Respect * Creativity * Ownership
* Transparency * Empowerment * Courage * Passion
* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



January 31, 2022

The Honorable Muriel Bowser
Mayor of the District of Columbia Mayor's
Correspondence Unit
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite
316 Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *District of Columbia Unemployment Compensation Financial Statements and Management's Discussion and Analysis (With Independent Auditor's Report) for the Fiscal Years Ended September 30, 2021, and 2020* (OIG No. 22-1-12BH) by McConnell Jones, LLP (MJ). MJ conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2021.

On January 18, 2022, MJ issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. MJ identified no material weaknesses in internal control over financial reporting, but has made one recommendation intended to improve the effectiveness of internal control over the District operations and programs (see OIG No. 22-1-12BH(a)).

If you have questions about this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/wms

Enclosure

cc: See Distribution List

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Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management
Mr. Wayne McConnell, Managing Partner, McConnell & Jones LLP

**GOVERNMENT OF THE
DISTRICT OF COLUMBIA**

UNEMPLOYMENT COMPENSATION FUND
An Enterprise Fund of the District of Columbia

For the Years Ended September 30, 2021 and 2020
(Together with Reports of the Independent Auditor's Report)

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

**FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**
(Dollar amounts expressed in thousands)

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McConnell Jones

INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia
and Inspector General of the Government of the District of Columbia
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Government of the District of Columbia Unemployment Compensation Fund (the Fund), an enterprise fund of the Government of the District of Columbia, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Fund's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5101 Wisconsin Ave., NW
Suite 210
Washington, DC 20016
Phone: 202.207.3570
Fax: 202.968.1601

WWW.MCCONNELLJONES.COM



McConnell Jones

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of September 30, 2021 and 2020, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only those of the Fund and do not purport to, and do not present fairly the financial position of the Government of the District of Columbia as of September 30, 2021 and 2020, the changes in its financial position or, its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Washington D.C.
January 18, 2022

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

This section of the annual financial report of the Government of the District of Columbia Unemployment Compensation Fund (the Fund) presents our discussion and analysis of the financial performance of the Fund during the fiscal years (FY) ended September 30, 2021 and 2020, compared to the fiscal year ended September 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes to the basic financial statements. The financial statements, footnote disclosures, and management's discussion and analysis are the responsibility of the Fund's management.

Reporting Entity

The Fund was established by the Government of the District of Columbia (the District) to account for its unemployment compensation program. The Fund is administered by the District's Department of Employment Services (DOES). Substantially all administrative costs of the program are paid by federal grants and special purpose revenues, which are recorded in the District's General Fund.

Financial Statement Presentation

The Fund's basic financial statements consist of (a) statement of net position; (b) statement of revenues, expenses, and changes in net position, and (c) statement of cash flows.

- Statement of Net Position

The Statement of Net Position presents the Fund's assets, liabilities, and net position. Net position is the difference between assets and liabilities. The net position is comprised of the restricted net position. Over time, increases or decreases in the Fund's net position may serve as a useful indicator of whether the Fund's financial position is improving or deteriorating.

- Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the Fund's revenues and expenses. The difference between revenues and expenses is reported as "changes in net position". All changes in the net position are reported as soon as the events underlying the changes occur regardless of the timing of the related cash flows. Thus, revenues and expenses reported in this statement also include items that will result in cash flow in future fiscal periods (for example, accrued revenues and accrued expenditures).

- Statement of Cash Flows

The Statement of Cash Flows presents information on sources and uses of cash for operating and investing activities.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

FINANCIAL HIGHLIGHTS

The District's average unemployment rate for the fiscal year ended September 30, 2021 was 7.7%, which is a 0.6% increase compared to 7.1% at the end of September 30, 2020, and a 1.6% decrease in FY 2020, compared to 5.5% at the end of September 30, 2019.

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally and the World Health Organization (WHO) declared it a pandemic in March 2020. The COVID-19 pandemic affected major economic and financial markets, and virtually all industries and governments are facing challenges associated with the economic conditions resulting from efforts to address it along with record level unemployment across all states. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress to protect the American people from the public health and economic impacts of COVID-19 and new unemployment compensation programs were established.

Unemployment Compensation Programs under the CARES Act are Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), Federal Pandemic Unemployment Compensation (FPUC) and Mixed Earners Unemployment Compensation (MEUC). Other federal assistance under the Act included Extended Benefits (EB), Reimbursement for Waived Wait Week as well as emergency unemployment relief for eligible employers.

Provisions for new unemployment programs under the CARES Act were extended by the American Rescue Plan Act of 2021 that was passed by Congress in March 2021. In accordance with Federal and District law, several federal unemployment benefits (PUA, PEUC, FPUC, and MEUC) offered through the American Rescue Plan Act (ARPA) expired on September 4, 2021; Extended Benefits expired on September 11, 2021.

All unemployment compensation benefits paid for programs under the CARES and ARP Acts are 100% federally funded.

In addition to the expanded unemployment programs/assistance under the Act, the District also received a federal grant for Lost Wages Supplemental Payment Assistance and Short Time Compensation Benefits.

Additionally, on December 7, 2020 the Mayor announced a one-time stimulus payment to extend support to those District residents hit hardest by the COVID-19 pandemic using funds received in FY 2020 under the CARES Act. The one-time direct payment of \$1,200 was paid to District residents who filed and were deemed eligible for Pandemic Unemployment Assistance (PUA) as of November 30, 2020. PUA covers individuals who are not eligible for traditional unemployment insurance (UI) benefits.

As of September 30, 2021, the Fund's assets exceeded its liabilities by \$34,668. The Fund reported a decrease in net position of \$38,870 or 52.86% in FY 2021, as compared to \$415,858 or 84.97% decrease in FY 2020.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

OVERALL FINANCIAL ANALYSIS

The Fund's overall financial position significantly declined as UI benefits paid exceeded employers' tax and governmental contributions received. The Fund's financial position and operations for the past three years are summarized in Tables 1 and 2.

Table 1

Condensed Statement of Net Position

(Dollar amounts expressed in thousands)

	2021	2020	Change	2019	Change
Assets					
Cash Held with U.S. Treasury	\$ 50,028	\$ 142,891	\$ (92,863)	\$ 524,003	\$ (381,112)
Receivables (net)	114,387	105,112	9,275	14,796	90,316
Total Assets	<u>164,415</u>	<u>248,003</u>	<u>(83,588)</u>	<u>538,799</u>	<u>(290,796)</u>
Liabilities					
Payables	97,796	156,966	(59,170)	32,916	124,050
Due to D.C. Government	16,234	17,499	(1,265)	16,487	1,012
Due to Federal Government	15,717	-	15,717	-	-
Total Liabilities	<u>129,747</u>	<u>174,465</u>	<u>(44,718)</u>	<u>49,403</u>	<u>125,062</u>
Net Position					
Restricted for Unemployment Compensation Benefits	<u>\$ 34,668</u>	<u>\$ 73,538</u>	<u>\$ (38,870)</u>	<u>\$ 489,396</u>	<u>\$ (415,858)</u>

The Fund's largest asset is the receivables, net of allowance for doubtful accounts, which represented 69.57% of the Fund's total assets. The FY 2021 cash balance decreased by \$92,863 or 64.99%, primarily due to the unemployment benefit payments significantly exceeding the cash receipts from employer taxes. The FY 2020 cash balance decreased by \$381,112 or 72.73% from FY 2019.

Receivables, net of allowance for doubtful accounts increased by \$9,275 or 8.82% in FY 2021, compared to FY 2020, mainly due to an increase in receivables from claimants because of COVID-19 activities as well as funds transfers in from the District in FY 2021. The Fund's receivables consist of amounts due from employers for unpaid taxes, CARES Act credit to employers, claimants for unemployment benefit overpayments, the Federal government, and other states for unemployment benefits paid. In FY 2020, there was a net increase in receivables of \$90,316 or 610.41% from FY 2019.

The Fund's total liabilities for FY 2021 decreased by \$44,718 or 25.63%, as compared to an increase by \$125,062 or 253.15% in FY 2020. The Fund reported an estimated claimants' payable of \$79,831 in FY 2021, which represents a decrease of \$46,918 or 37.02%, compared to the prior fiscal year, mainly due to the decrease of the number of claims filed and the expiration of expanded unemployment programs. In addition, accounts payable decreased by \$12,252 or 40.55% compared to FY 2020 mainly due to a reduction in CARES Act credit due to employers. In FY 2020, estimated claimants' payable was \$126,749, an increase of \$107,113 or 545.49% from FY 2019.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

Due to D.C. Government represents unspent Reed Act, Unemployment Compensation Modernization funds, Short Time Compensation Admin Assistance, interest, and penalties assessed, payments made by the District on behalf of the Fund and collection from employers for late tax payments/penalties but not yet paid to the District. Due to Federal Government represents claimants' overpayments from federal programs mostly expended programs under the Acts. For FY 2021, the Fund's payables to D.C. Government decreased by \$1,265 or 7.23%, compared to September 30, 2020, and an increase by \$1,012 or 6.14% in FY 2020, as compared to September 30, 2019. The increase was primarily due to administrative assistance related to the pandemic in FY 2021. The unspent Reed Act and Unemployment Compensation Modernization funds totaled \$10,438 in FY 2021, compared to \$10,205 in FY 2020 and \$10,346 in FY 2019. The Reed Act and Unemployment Compensation Modernization funds were received from the Federal government through the Reed Act and Modernization Accounts to pay for the Fund's administrative and modernization costs.

For FY 2021, the Fund's current assets of \$164,415 were sufficient to cover current liabilities of \$129,747; a ratio of \$1.27 in assets for every dollar in liabilities. For FY 2020, the total current assets and current liabilities of the Fund were \$248,003 and \$174,465 respectively; a ratio of \$1.42 in assets for every dollar in liabilities. Total current assets and current liabilities of the Fund were \$538,799 and \$49,403 respectively; a ratio of \$10.91 in assets for every dollar in liabilities in FY 2019.

Table 2

Condensed Statement of Revenues, Expenses, and Changes in Net Position

(Dollar amounts expressed in thousands)

	2021	2020	Change	2019	Change
Operating Revenues:					
Employer Taxes	\$ 145,775	\$ 139,833	\$ 5,942	\$ 142,877	\$ (3,044)
Governmental Contributions	1,262,717	1,001,721	260,996	17,841	983,880
Total Operating Revenues	1,408,492	1,141,554	266,938	160,718	980,836
Operating Expenses:					
Unemployment Benefits	1,497,798	1,568,065	(70,267)	120,010	1,448,055
Operating Income/(Loss)	(89,306)	(426,511)	337,205	40,708	(467,219)
Non-operating Revenues:					
Transfer In from the District	49,000	-	49,000	-	-
Interest Revenue	1,436	10,653	(9,217)	11,949	(1,296)
Total Non-operating Revenues	50,436	10,653	39,783	11,949	(1,296)
Change in Net Position	(38,870)	(415,858)	376,988	52,657	(468,515)
Total Net Position - Beginning	73,538	489,396	(415,858)	436,739	52,657
Total Net Position - Ending	\$ 34,668	\$ 73,538	\$ (38,870)	\$ 489,396	\$ (415,858)

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

Total operating revenues and non-operating revenues were \$1,458,928 in FY 2021, compared to \$1,152,207 in FY 2020 and \$172,667 in FY 2019.

In FY 2021, the Fund's operating revenues totaled \$1,408,492 compared to \$1,141,554 in FY 2020 and \$160,718 in FY 2019. Operating revenues increased by \$266,938 or 23.38% from FY 2020 to FY 2021, primarily due to an increase in governmental contributions under the CARES Act. Operating revenues increased by \$980,836 or 610.28% from FY 2019 to FY 2020. Federal, and other state and local governments reimburse the Fund 100% for benefits paid to their former employees as well as claimants in expanded CARES Act programs. Non-operating revenue increased by \$39,783 in FY 2021 compared to FY 2020 due to funds transferred in from the District.

Table 3 shows sources of operating revenues for the Fund in FY 2021, 2020 and 2019.

Table 3

Operating Revenue by Sources

(Dollar amounts expressed in thousands)

Operating Revenues by Sources	2021	2020	Change	% change	2019	Change	% Change
Employer Taxes	\$ 145,775	\$ 139,833	\$ 5,942	4.25%	\$ 142,877	\$ (3,044)	(2.13%)
Governmental Contributions:							
Federal Government	1,254,987	980,232	274,755	28.03%	8,207	972,025	11843.85%
Other States' Contributions	5,563	13,542	(7,979)	(58.92%)	4,679	8,863	189.42%
D.C. Government	<u>2,167</u>	<u>7,947</u>	<u>(5,780)</u>	<u>(72.73%)</u>	<u>4,955</u>	<u>2,992</u>	<u>60.38%</u>
Total	<u>\$1,408,492</u>	<u>\$1,141,554</u>	<u>\$ 266,938</u>	<u>23.38%</u>	<u>\$ 160,718</u>	<u>\$ 980,836</u>	<u>610.28%</u>

Federal government contributions were \$1,254,987 for FY 2021, compared to \$980,232 in FY 2020 mainly due to an increase in Federal contributions as result of COVID -19 activities. In FY 2020, Federal government reimbursements revenue was \$980,232 compared to \$8,207 in FY 2019.

Non-operating revenue increased to \$50,436 in FY 2021 from \$10,653 in FY 2020, resulting in an increase of \$39,783 or 373.44%; this is mainly due to a transfer in \$49,000 from the District. Non-operating revenue in FY 2019 was \$11,949.

Figures 1, 2 and 3 shows the percentage of revenues received from the Fund's different sources during FY 2021, FY 2020 and FY 2019. Governmental contributions were the largest source of revenues, which represented 87% of total revenues in FY 2021, compared to 87% of total revenues in FY 2020 and 10% of the total revenue in FY 2019.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

Figure 1

Total Revenues (Operating and Non-Operating) for the Year Ended September 30, 2021

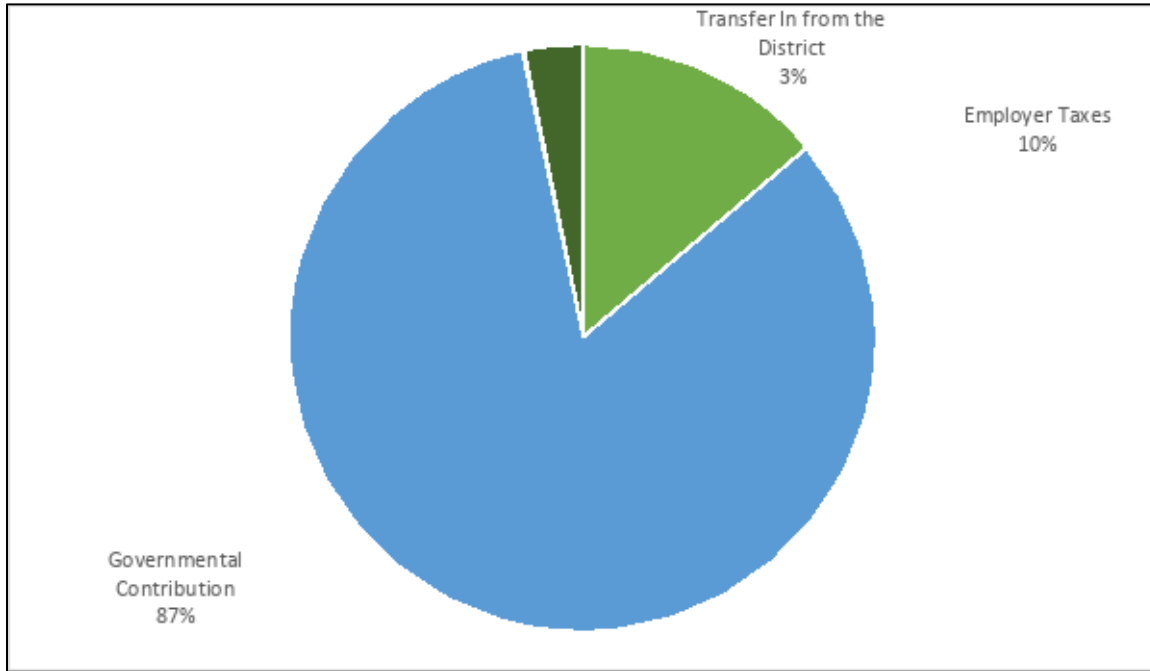
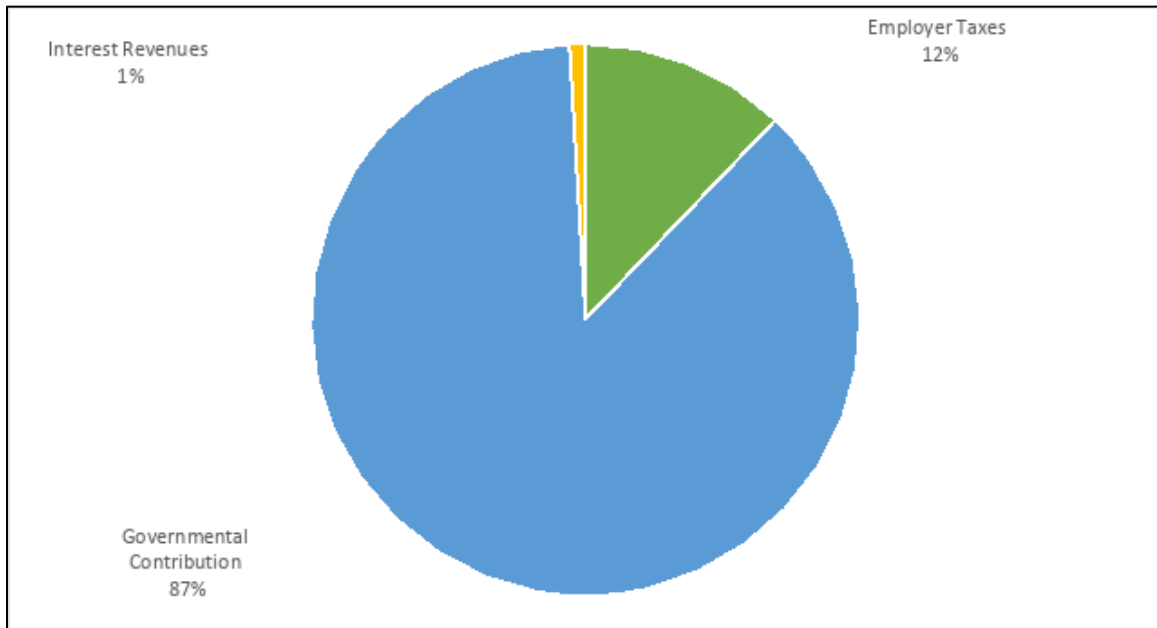


Figure 2

Total Revenues (Operating and Non-Operating) for the Year Ended September 30, 2020



**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

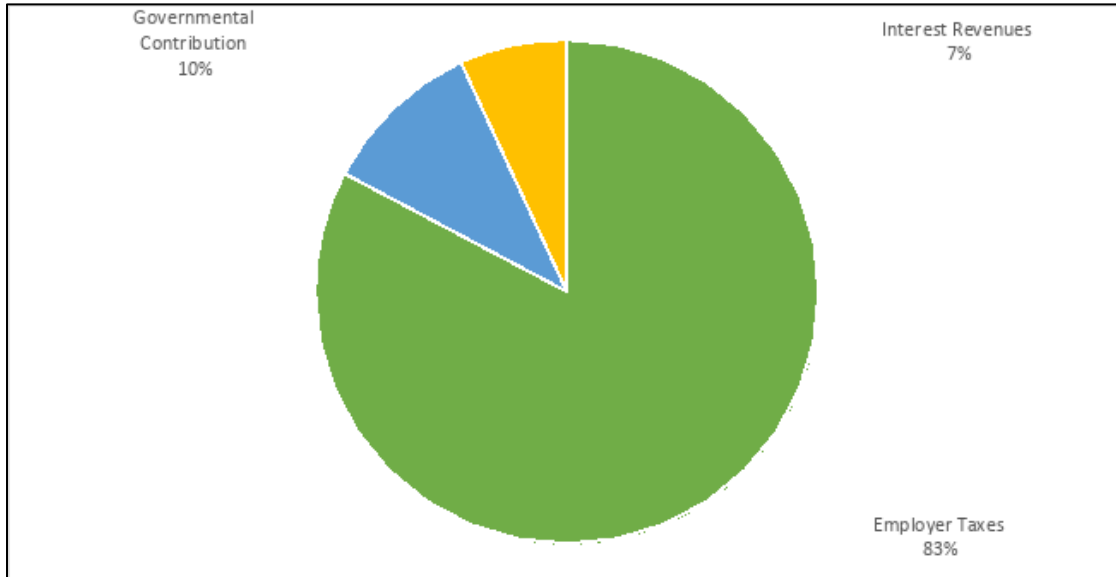
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

Figure 3

Total Revenues (Operating and Non-Operating) for the Year Ended September 30, 2019

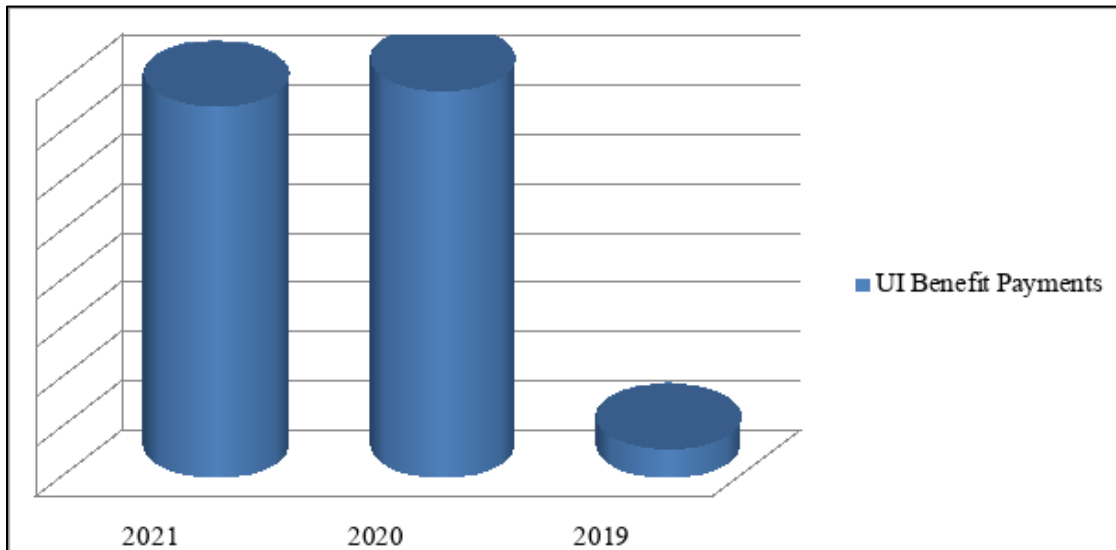


Operating Expenses

The Fund's only operating expense is unemployment benefit payments. Figure 4 shows the comparison of benefits payments in FY 2021, FY 2020 and FY 2019.

Figure 4

Total Operating Expenses for the Fiscal Years Ended September 30, 2021, September 30, 2020 and 2019



**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

The Fund's unemployment benefit payments decreased by \$70,267 or 4.48% in FY 2021, compared to an increase of \$1,448,055 or 1206.61% in FY 2020, and a decrease of \$11,754 or 8.92% in FY 2019. The decrease was primarily a result of a decrease in claims filed by eligible unemployed Civilian Federal Employees, other state and local government and claimants in expanded programs under the CARES Act. The CARES Act established new programs which expanded unemployment benefit compensation to District residents impacted by COVID-19. The average unemployment rate within the District increased to 7.7% as of September 30, 2021 from 7.1% as of September 30, 2020, representing a 0.6% increase.

Table 4

District's Unemployment Rate by Month for the Year Ended September 30, 2021

FY 2021 Average Unemployment Rate = 7.7%					
Current Year	Month	Labor Force	Number of Employed	Number of Unemployed	Unemployment Rate (%)
2020	Oct	409,507	373,663	35,844	8.8
2020	Nov	409,612	373,627	35,985	8.8
2020	Dec	409,328	373,290	36,038	8.8
2021	Jan	409,154	374,800	34,354	8.4
2021	Feb	408,389	375,159	33,230	8.1
2021	Mar	406,901	375,385	31,516	7.7
2021	Apr	406,223	375,667	30,556	7.5
2021	May	405,366	376,136	29,230	7.2
2021	Jun	405,737	377,272	28,465	7.0
2021	Jul	407,200	379,802	27,398	6.7
2021	Aug	409,695	382,110	27,585	6.7
2021	Sep	410,752	384,041	26,711	6.5

Table 5

District's Unemployment Rate by Month for the Year Ended September 30, 2020

FY 2020 Average Unemployment Rate = 7.1%					
Current Year	Month	Labor Force	Number of Employed	Number of Unemployed	Unemployment Rate (%)
2019	Oct	418,385	397,434	20,951	5.0
2019	Nov	419,325	398,766	20,559	4.9
2019	Dec	419,987	399,603	20,384	4.9
2020	Jan	420,360	399,827	20,533	4.9
2020	Feb	420,448	399,437	21,011	5.0
2020	Mar	420,581	398,895	21,686	5.2
2020	Apr	406,769	361,647	45,122	11.1
2020	May	397,922	362,414	35,508	8.9
2020	Jun	399,915	364,192	35,723	8.9
2020	Jul	402,618	366,931	35,687	8.9
2020	Aug	405,503	369,909	35,594	8.8
2020	Sep	407,913	372,267	35,646	8.7

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics. FY 2020 unemployment data have been revised to reflect updates from source data.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

ECONOMIC CONDITION AND OUTLOOK

For the year ended September 30, 2021, federal civilian employment accounted for 26.8% of all wage and salary jobs located in the District and 30.3% of wages and salaries generated in the city. Approximately 15.00% of employed District residents worked for the federal government. Furthermore, federal contracting accounted for additional jobs and income in the area, which also contributed to the tax base of the District. With such a dominant federal presence, as we look to the future, significant changes in federal spending can have a major impact on the economy and revenues of the District.

In addition, trends in population growth may also affect the District economy. Historically for the District, continuous population growth has been important in increasing the income, property, and sales tax bases, and has been one of the driving forces behind rising home values. However, population growth has slowed in recent years. Between 2015 and 2020, the population of the District grew by 35,802, an increase that averaged about 7,160 residents per year. Nevertheless, over that five-year period, the rate of annual population growth gradually declined from 2.0% growth in 2015 to approximately 0.6% in 2020.

HIGHLIGHTS: THE DISTRICT ECONOMY

As a consequence of the COVID-19 pandemic, the District experienced contractions in hospitality and business services jobs, a slowing population, and a weakening outlook for commercial property. Highlights of these and other recent trends in the District economy are presented below:

- In the three months ended September 2021, there were 20,773, or 2.80%, more wage and salary jobs located in the District than in the same period a year earlier but still almost 50,000 below the pre-COVID-19 level in February 2020. Hospitality and retail jobs in particular have not recovered growing 16,100 jobs in September 2021 over 2020 but still about 30,000 below pre-COVID-19 levels, accounting for most of the gain over the year and the loss in private sector jobs since February 2020.
- District resident employment in the three months ended September 2021 was 17,980, or 4.90%, higher than a year earlier.
- The September 2021 unemployment rate was 6.50% (seasonally adjusted), down from 8.70% a year ago.
- Overall wages earned in the District grew 7.60% in the quarter ended September 30, 2021, compared to the same quarter a year ago, led by growth in the high-wage professional and management sector.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

D.C. UNEMPLOYMENT COMPENSATION FUND NET POSITION HISTORY

Historical data of the principal components of the Fund's net position are shown in Table 6.

Table 6

Unemployment Compensation Fund Net Position Components

	2021	2020	2019	2018	2017
Employer taxes / Government Contributions / Transfer In from District	\$1,457,492	\$1,141,554	\$160,718	\$160,904	\$167,504
Interest Earned	1,436	10,653	11,949	10,347	9,453
Benefits Paid	1,497,798	1,568,065	120,010	131,764	143,942
Net Position	34,668	73,538	489,396	436,739	397,252
Total wages	**	18,142,929	18,680,015	18,094,623	17,467,741

*Source: DOES, Office of Labor Market Research and Information. FY 2020 and prior years' total wage data have been revised to reflect updates from source data. * Data not yet available.*

D.C. UNEMPLOYMENT COMPENSATION FUND OUTLOOK

The financial condition of the Unemployment Compensation Fund depends on three factors: benefit outlays, employer taxes/government contributions, and taxable wages.

Table 7

Employer Taxes / Government Contributions / Transfer In and Benefits

Year	Employer taxes / Government Contributions / Transfer In	Benefits Payments	Surplus / (Deficit)
2017	\$ 167,504	\$ 143,942	\$ 23,562
2018	160,904	131,764	29,140
2019	160,718	120,010	40,708
2020	1,141,554	1,568,065	(426,511)
2021	1,457,492	1,497,798	(40,306)

Table 8

Taxable Wages

Quarter Ending	FY2021	FY2020	FY2019
December 31,	\$ 357,718	\$ 501,603	\$ 493,928
March 31,	3,327,117	3,810,581	3,662,991
June 30,	*	492,886	773,257
September 30,	*	380,650	590,572

*Source: DOES, Office of Labor Market Research and Information. *Data not yet available*

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

Contact Information

This financial report is designed to provide a general overview of the Fund's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer; Government of the District of Columbia; 1350 Pennsylvania Avenue, NW; Washington, D.C., 20004.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

**STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2021 AND 2020**
(Dollar amounts expressed in thousands)

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash Held With U.S. Treasury (note 2)	\$ 50,028	\$ 142,891
Accounts Receivable, Net (note 3)	36,579	19,681
Due From D.C. Government (note 4)	49,302	929
Due From Federal Government (note 5)	28,506	84,502
Total Current Assets	<u>164,415</u>	<u>248,003</u>
Current Liabilities:		
Accounts Payable (note 6)	17,965	30,217
Claimants Payable (note 7)	79,831	126,749
Due To D.C. Government (note 8)	16,234	17,499
Due To Federal Government (note 9)	15,717	-
Total Current Liabilities	<u>129,747</u>	<u>174,465</u>
Net Position:		
Restricted for Unemployment Compensation Benefits	<u>\$ 34,668</u>	<u>\$ 73,538</u>

The accompanying notes are an integral part of these financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**
(Dollar amounts expressed in thousands)

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Employer Taxes	\$ 145,775	\$ 139,833
Governmental Contributions (note10)	<u>1,262,717</u>	<u>1,001,721</u>
Total Operating Revenues	<u>1,408,492</u>	<u>1,141,554</u>
Operating Expenses:		
Unemployment Benefits (note 11)	<u>1,497,798</u>	<u>1,568,065</u>
Total Operating Expenses	<u>1,497,798</u>	<u>1,568,065</u>
Operating (Loss)	(89,306)	(426,511)
Non-operating Revenues:		
Transfer in from the District	49,000	-
Interest Revenues	<u>1,436</u>	<u>10,653</u>
Total Non-Operating Revenues	<u>50,436</u>	<u>10,653</u>
Change in Net Position	(38,870)	(415,858)
Total Net Position – Beginning	<u>73,538</u>	<u>489,396</u>
Total Net Position - Ending	<u>\$ 34,668</u>	<u>\$ 73,538</u>

The accompanying notes are an integral part of these financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**
(Dollar amounts expressed in thousands)

	2021	2020
Cash Flows from Operating Activities:		
Cash Receipts from Employers	\$ 128,877	\$ 133,795
Cash Receipts from Governmental Contributions	1,270,340	917,443
Cash Payments for Other Liabilities	2,200	17,949
Cash Payments to Claimants	(1,544,716)	(1,460,952)
Net Cash Used In Operating Activities	(143,299)	(391,765)
Cash Flows from Investing Activities:		
Interest Income Received	1,436	10,653
Net Cash Provided by Investing Activities	1,436	10,653
Cash Flows from Noncapital Financing Activities		
Transfer in from the District	49,000	-
Net Cash Provided by Noncapital Financing Activities	49,000	-
 Net Decrease in Cash	 (92,863)	 (381,112)
Cash, Beginning of Year	142,891	524,003
Cash, Ending of Year	\$ 50,028	\$ 142,891
<i>Reconciliation of Operating Income to Net Cash Used in Operating Activities:</i>		
Operating Income (Loss)	\$ (89,306)	\$ (426,511)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Increase Receivables/Due from D.C. Govt.	(65,271)	(6,512)
Increase/(Decrease) in Due from Federal Govt.	55,996	(83,804)
Increase/(Decrease) in Current Liabilities	(44,718)	125,062
Total Adjustments	(53,993)	34,746
Net Cash Used In Operating Activities	\$ (143,299)	\$ (391,765)

The accompanying notes are an integral part of these financial statements.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Activities: Pursuant to Federal law, the Government of the District of Columbia (the District) maintains an Unemployment Compensation Fund (the Fund). The Fund pays up to 26 weeks of regular statutory benefits to eligible unemployed former employees working in the District of Columbia or the Federal government. The Fund does not currently pay any additional weeks of benefits to eligible claimants who have exhausted their regular 26 weeks of benefits.

The Fund's Operating Revenues consist of employer taxes and reimbursements from governmental agencies for regular unemployment benefits paid to former employees. Non-operating Revenue represents the interest generated by the Fund.

The Fund is administered by the Director of the District's Department of Employment Services. Substantially all administrative costs of the program are paid by Federal grants and Special purpose funds, which are recorded in the District's General Fund. These financial statements present only assets, liabilities, revenues, and expenses of the Fund and are not intended to present the financial position and results of operations of the Government of the District of Columbia taken as a whole.

Basis of Presentation: The Fund's financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Fund is considered an enterprise fund under GAAP for governmental entities.

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting. Under this accounting method, all revenues are recognized in the fiscal year earned, and expenses are recognized in the fiscal year incurred.

Measurement Focus: The financial statements are accounted for on a flow of economic resources measurement focus, wherein all assets and liabilities are included in the Statements of Net Position. The related Statements of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in net position.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

Accounting Pronouncements: During the fiscal year, the District has adopted GASB Statement No. 84, *Fiduciary Activities*, and early adopted GASB Statement No. 98, *The Annual Comprehensive Financial Report* issued by the Governmental Accounting Standards Board. There was no impact on the Fund's financial statements.

NOTE 2 CASH HELD WITH U.S. TREASURY

The Fund's cash is held at the U.S. Department of Treasury (the Treasury) in a trust fund in the District's name. The Federal Unemployment Trust Fund includes deposits from the unemployment insurance funds of all states. The Trust Fund is required by federal law to invest only in obligations guaranteed by the United States. Pursuant to the Social Security Act, the funds held at the Treasury earn interest quarterly based on the interest rates of the Treasury's Certificates of Indebtedness. Interest earned for the years ended September 30, 2021 and 2020 was \$1,436 and \$10,653 respectively. As of September 30, 2021, cash held at the Treasury was \$50,028, compared to \$142,891 as of September 30, 2020. The Federal Unemployment Trust Fund held at the Federal Reserve Bank is not categorized in accordance with the criteria under GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3*, because the Trust Fund is neither a deposit with a financial institution nor an investment.

NOTE 3 ACCOUNTS RECEIVABLE, NET

The Fund's accounts receivables consisted of the following as of September 30, 2021 and 2020:

	2021	2020
Employer Receivables	\$ 34,853	\$ 31,808
Claimant Receivables	32,455	6,453
Due from Other States	966	7,204
Total Receivables	68,274	45,465
Less: Allowance for Doubtful Accounts	(31,695)	(25,784)
Accounts Receivable, Net	\$ 36,579	\$ 19,681

Employer contributions are recognized as revenues in the accounting period in which they become due and measurable. Any contributions not received within the accounting period are recognized as employer receivables. Claimants' receivable are benefits paid to claimants who are ultimately proven to be ineligible to receive all or a portion of those benefits. The Fund recognizes a receivable from these claimants when the benefits overpayment is identified. Due from other states is the amount owed to the Fund from other states for unemployment benefits paid on their behalf. *The percentage of ending*

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

accounts receivable method is used to estimate and establish an allowance for doubtful accounts for the employers and claimants' receivables.

NOTE 4 DUE FROM D.C. GOVERNMENT

Due from D.C. Government is the amount owed to the Fund from the District for unemployment benefits paid on its behalf to former employees as well as funds transferred in. In the FY 2021 Budget Support Act passed on August 23, 2021, the District transferred \$49,000 to the Trust. As of September 2021, and 2020, the amount due from the District was \$49,302 and \$929, respectively.

NOTE 5 DUE FROM FEDERAL GOVERNMENT

As of September 30, 2021, the amount due from the federal government is \$28,506, compared to \$84,502 as of September 30, 2020. The balance due from federal government represents benefit payments accrued for eligible unemployed civilian federal employees (UCFE), eligible ex-military personnel (UCX) and claimants in expanded federal programs under the Acts as well as credits to employers and state taxes withheld for claimants.

NOTE 6 ACCOUNTS PAYABLE

As of September 30, 2021, and 2020, the Fund had payables to employers for taxes overpaid; to various states for unemployment benefits paid to former District employees; and to others for related activities.

	2021	2020
Employer Tax Refund Payable	\$ 11,774	\$ 22,277
Cares Act (Reimb Employer Payment)	2,889	
Due to Other States	2,742	4,425
Income Tax Payable	516	3,508
Others	44	7
Total Accounts Payable	\$ 17,965	\$ 30,217

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

NOTE 7 CLAIMANTS PAYABLE

Claimants' payable is estimated amounts due to claimants for the remaining periods of eligibility for claims filed as of year-end and are payable in the next fiscal year. The claimants payable as of September 30, 2021 and 2020 are detailed as follows:

Programs	<u>2021</u>	<u>2020</u>
UI Regular	\$ 56,226	\$ 59,649
CARES Act 2020	23,605	67,100
Total Claims Payable	<u>\$ 79,831</u>	<u>\$ 126,749</u>

Certain CARES Act 2020 programs ended in September 4, 2021 and September 11, 2020, and no new claims beyond the end date.

NOTE 8 DUE TO D.C. GOVERNMENT

The amounts reported as Due to D.C. Government consisted of Reed Act, Unemployment Compensation Modernization funds obligated for administrative costs, payments made by the District on behalf of the Fund, CARES Act related activities, administrative assessments, interest and penalties assessed and collected from employers for late tax payments but not yet paid to the District. The amounts payable to the District as of September 30, 2021 and 2020 were \$16,234 and \$17,499, respectively.

	<u>2021</u>	<u>2020</u>
UC Modernization	\$ 8,484	\$ 8,735
District of Columbia on behalf of UI Trust Fund	4,927	7,061
REED ACT	1,954	1,470
Admin asses, int & penalties	437	233
UI Admin COVID 19	432	-
Total Due to D.C Government	<u>\$ 16,234</u>	<u>\$ 17,499</u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

NOTE 9 DUE TO FEDERAL GOVERNMENT

The amounts reported as Due to federal Government relates to claimant overpayments for federally funded programs. The amounts payable to the Federal Government as of September 30, 2021 is \$15,717.

	<u>2021</u>	<u>2020</u>
Federal Pandemic Unemployment Comp (FPUC)	\$ 14,074	\$ -
Pandemic Emergency Unemployment Comp (PEUC)	1,536	-
UI Benefits - Temporary Extension (EUC 08)	107	-
Total Due to Federal Government	<u>\$ 15,717</u>	<u>\$ 0</u>

NOTE 10 GOVERNMENTAL CONTRIBUTIONS

Governmental contributions consisted of the following for the years ended September 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Contribution – Other States	\$ 5,563	\$ 13,542
Contribution – D. C Government	2,167	7,947
Federal Programs		
UC – Federal Employees (UCFE)	4,810	10,362
UC – Ex-Servicemen (UCX)	152	165
 CARES Act 2020/ARP Act 2021		
Federal Pandemic Unemployment Comp (FPUC)	591,913	751,006
Pandemic Emergency Unemployment Comp (PEUC)	358,795	23,976
Extended Benefits (EB)	140,989	-
Pandemic Unemployment Assistance (PUA)	119,122	58,591
FEMA-Lost Wages Assistance	30,403	96,038
CARES Act District PUA Stimulus	11,513	-
Short Time Compensation	4,354	-
CARES Act Waived Wait Week Reimbursement	4,307	25,691
Mixed Earner Unemployment Comp (MEUC)	142	-
CARES Act (Reimb Employers Payment)	(11,513)	14,403
Total	<u>\$1,262,717</u>	<u>\$1,001,721</u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

NOTE 11 UNEMPLOYMENT BENEFITS

Unemployment expenses consisted of the following for the years ended September 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
UI Regular	\$ 242,669	\$ 587,847
Federal Programs		
UC – Federal Employees (UCFE)	4,810	10,362
UC – Ex-Servicemen (UCX)	152	165
CARES Act 2020		
Federal Pandemic Unemployment Comp (FPUC)	591,913	751,006
Pandemic Emergency Unemployment Comp (PEUC)	358,808	23,963
Extended Benefits (EB)	140,989	-
Pandemic Unemployment Assistance (PUA)	119,122	58,591
FEMA-Lost Wages Assistance	30,403	96,037
CARES Act – District PUA Stimulus	11,513	-
Short Time Compensation	4,354	-
CARES Act Waived Wait Week Reimbursement	4,307	25,691
Mixed Earner Unemployment Comp (MEUC)	142	-
UI Benefits – Temporary Ext.	129	-
CARES Act (Reimb Employers Payment)	(11,513)	14,403
Total	<u>\$1,497,798</u>	<u>\$1,568,065</u>

NOTE 11 COMMITMENTS AND CONTINGENCIES

As of September 30, 2021, and September 30, 2020, there were no matters of litigation involving the Fund which would materially affect the Fund's financial position should any court decisions on pending matters not be favorable to the Fund.

NOTE 12 SUBSEQUENT EVENTS

In the FY 2022 Budget Support Act effective November 13, 2021 - the Delayed Unemployment Compensation Payments Relief Amendment Act of 2021 was passed approving \$500 payment to eligible 10,000 claimants with the greatest number of days between the timeframes described in the Act by December 31, 2021.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
UNEMPLOYMENT COMPENSATION FUND**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

(Dollar amounts expressed in thousands)

The Fund evaluated the subsequent events and transactions through January 18th, 2022, the date these financial statements were available for issue and has determined that no subsequent material events other than stated above have occurred that would affect the information presented in the financial statements or require additional disclosure, individually or in the aggregate.



McConnell Jones

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia and
Inspector General of the Government of the District of Columbia
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia Unemployment Compensation Fund (the Fund), an enterprise fund of the Government of the District of Columbia, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

5101 Wisconsin Ave., NW
Suite 210
Washington, DC 20016
Phone: 202.207.3570
Fax: 202.968.1601

WWW.MCCONNELLJONES.COM



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "McLomell T Jones".

Washington, D.C.
January 18, 2022



To report fraud, waste, abuse, or mismanagement:

(202) 724-TIPS (8477) and (800) 521-1639



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oig@dc.gov

